

S.B. NO. 1092

JAN 24 2013

A BILL FOR AN ACT

MAKING AN APPROPRIATION TO RECAPITALIZE THE HURRICANE RESERVE
TRUST FUND.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The State is emerging from one of the most
2 challenging economic periods in its history. During the last
3 several years, extreme measures had to be taken to keep the
4 State solvent, including: furloughs; temporary salary
5 reductions; reductions-in-force; forced downsizing of programs
6 and services; purchasing and hiring freezes; and enactment of
7 temporary revenue enhancements. Additionally, most of the
8 State's fiscal reserves, the emergency and budget reserve fund
9 and the hurricane reserve trust fund, were committed to
10 forestalling even greater spending reductions and revenue
11 enhancement measures.

12 One of the clear lessons learned from this experience is
13 the necessity of having sufficient fiscal reserves to help carry
14 the State through the worst conditions. Now that the economy is
15 rebounding and more revenues are available, a concerted effort
16 must be made to recapitalize the State's depleted fiscal
17 reserves as expeditiously as possible.

18 Act 62, Session Laws of Hawaii 2011, which authorized use
19 of the hurricane reserve trust fund to support the general fund,

1 requires that one-half of the total amount of funds transferred
2 to the general fund (\$111,000,000) in fiscal year 2010-2011
3 shall be repaid from general excise tax revenues to the Hawaii
4 hurricane relief fund in fiscal years 2013-2014 and 2014-2015.
5 As such, \$55,500,000 will be deposited into the hurricane
6 reserve trust fund each year for fiscal years 2013-2014 and
7 2014-2015.

8 As is fiscally prudent, this Act proposes to further
9 accelerate recapitalization of fiscal reserves by transferring
10 an additional \$25,000,000 to the hurricane reserve trust fund in
11 fiscal year 2014-2015. This will bring the projected fiscal
12 year 2014-2015 balance of the hurricane reserve trust fund up to
13 \$157,000,000.

14 The purpose of this Act is to appropriate general funds to
15 the hurricane reserve trust fund. As the State continues its
16 economic recovery, accelerated recapitalization of this fiscal
17 reserve trust fund is prudent and fiscally sound.

18 SECTION 2. There is appropriated out of the general
19 revenues of the State of Hawaii the sum of \$25,000,000 or so
20 much thereof as may be necessary for fiscal year 2014-2015 for
21 the purpose of recapitalizing the hurricane reserve trust fund
22 established in section 431P-16, Hawaii Revised Statutes.


23 The sum appropriated shall be expended by the department of
24 commerce and consumer affairs for the purposes of this Act.
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S.B. NO. 1092

1 SECTION 3. This Act, upon its approval, shall take effect
2 on July 1, 2014.

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INTRODUCED BY: 

5

BY REQUEST

S.B. NO. 1092

Report Title:

Hurricane Reserve Trust Fund; Recapitalization

Description:

Makes a general fund appropriation of \$25,000,000 for fiscal year 2014-2015 to recapitalize the Hurricane Reserve Trust Fund.

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JUSTIFICATION SHEET

DEPARTMENT: Office of the Governor

TITLE: A BILL FOR AN ACT MAKING AN APPROPRIATION TO RECAPITALIZE THE HURRICANE RESERVE TRUST FUND.

PURPOSE: To make an appropriations for fiscal year 2014-2015 to recapitalize the Hawaii Hurricane Relief Fund.

MEANS: Appropriate general funds.

JUSTIFICATION: The State is emerging from one of the most challenging economic periods in its history. One of the clear lessons learned from this experience is the necessity of having sufficient fiscal reserves to help carry the State through the worst conditions. Now that the economy is rebounding and more revenues are available, a concerted effort must be made to recapitalize the State's depleted fiscal reserves as expeditiously as possible.

Act 62, Session Laws of Hawaii 2011, which authorized use of the Hawaii Hurricane Relief Fund to support the general fund, requires that one-half of the total amount of funds transferred to the general fund (\$111 million) in fiscal year 2010-11 shall be repaid from general excise tax revenues to the Hawaii Hurricane Relief Fund in fiscal years 2013-14 and 2014-15. As such, \$55.5 million will be deposited into the Hawaii Hurricane Trust Fund each year for fiscal years 2013-14 and 2014-15.

As is fiscally prudent, this Act proposes to further accelerate recapitalization of fiscal reserves by transferring an additional \$25 million to the Hawaii Hurricane Relief Fund in fiscal year 2014-15. This will bring the projected fiscal year 2014-15 balance of the Hawaii

Hurricane Relief Fund up to \$157 million, providing a total of over \$220 million in fiscal reserves.

Impact on the public: Further recapitalization of the Hawaii Hurricane Relief Fund will increase the State's fiscal reserves for times of unforeseen economic downturns and natural disasters.

Impact on the department and other agencies: The general fund appropriations will be made to the department that administers the Hawaii Hurricane Relief Fund (Department of Commerce and Consumer Affairs).

GENERAL FUND: \$25,000,000 in fiscal year 2014-2015.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: CCA 106.

OTHER AFFECTED
AGENCIES: Department of Commerce and Consumer Affairs.

EFFECTIVE DATE: July 1, 2014.